



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

DECEMBER 14, 1998



Farm Problems Extend Worldwide. U.S. agriculture is certainly not alone when it comes to farm crises. Other world agricultural markets are facing similar problems, economic and otherwise. While a \$900 million, 2-year disaster relief program benefits Canadian farmers in the short term, a leading farmer representative feels that producers there require "more generous aid packages, not just in disaster years..." Cory Ollicka, President of the National Farmers Union, while grateful for the market-stabilizing program, states that Canadian farmers need "year in and year out" support, citing the financial relief offered by the U.S. and European Union to their respective agricultural interests. Agreeing with the long-term strategy, Larry Macguire, President of the Western Canadian Wheat Growers, felt that a deregulated Canadian agricultural sector could allow farmers to gain over \$400 million annually. Reforms in the Canadian Wheat Board and the development of a more efficient and less costly grain transportation system were seen as important steps in allowing farmers to maximize their returns. Meanwhile, reports out of Moscow are that approximately 90 percent of Russian farms experienced losses in 1998, compared to 82 percent in 1997. According to the head of the Duma Agrarian group, agricultural losses totaled 43 billion rubles for 1998. For this same period, the Russian Government allocated only 22.3 billion rubles in financing to the agricultural sector. Russia's Security Council is advising that Russia follow a program to become less dependent upon food imports. Stating that food is a basic component of economic security, members of the Council mentioned the importance of setting production goals, establishing reserves of food and other agricultural products, and creating a national credit and insurance system, among other factors, which would help to solve the problem of food dependency. Russia recently requested \$470-\$480 million in aid from the European Union, in addition to the \$600 million in credit, 1.5 million metric tons of donated wheat, and 100,000 metric tons of donated food provided by the U.S. (*Bridge News, Reuters*)

Japan May Increase U.S. Corn Imports. It is being reported that Japan may increase imports of U.S. corn in 1999 due to lower production in Argentina and Eastern Europe. Japan increased imports from these latter two countries after a bumper crop and a strong dollar contributed to their price competitiveness. However, farmers in Argentina are expected to decrease production, based on oversupply. In addition, dry weather in both Argentina and Eastern Europe is expected to significantly decrease yields and export capability. A Japanese trading official expects that the 1.5-2.0 million metric tons imported from Argentina and Eastern Europe this year would "be mostly replaced with U.S. corn next year." (*Reuters*)

Holiday Shipping Crisis? Last July, the National Industrial Transportation League (NITL), the Association of American Railroads, and the Intermodal Association of North America held a joint meeting to address a potential transportation nightmare during the peak of the fall shipping season. A booming economy, a railroad service crisis, and the possibility of a sudden surge in export grain movements combined to cause a first-ever joint meeting among the three groups. The predicted transportation nightmare did not occur due to the efforts of these three groups and the ingenuity of the players themselves, officials say. "...Our meeting got everyone together, and they solved all the problems," said NITL President Ed Emmett. "But I think everybody was so afraid of a potential disaster that the railroads and their customers did a much better job of talking to each other about what might be coming in the fall. Shippers made alternative arrangements, and railroads went to extraordinary efforts to make sure they didn't run into a meltdown." *Journal of Commerce*

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See the Grain Trax page at www.ugpti.org for more graphs of rail premiums.

| Rail Car 'Auction' Offerings | | | | |
|--|----------------|---------------|----------------|---------------|
| Delivery for: | Dec-98 | | Feb-99 | |
| | <u>Offered</u> | <u>% Sold</u> | <u>Offered</u> | <u>% Sold</u> |
| BNSF-COT | 5,350 | 90% | 5,158 | 9% |
| UP-GCAS | 5,000 | 70% | 5,000 | 7% |
| Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com | | | | |

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

| | | Delivery Period | | |
|----------|----------|------------------------|--------|--------|
| | | Dec-98 | Jan-99 | Feb-99 |
| BNSF-COT | no offer | \$0 | \$(24) | \$(37) |
| CP-GEEP | \$6 | \$2 | \$0 | \$0 |
| UP-Pool | \$0 | \$9 | \$9 | \$8 |

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

| Delivery for: | Dec-98 | Feb-99 | Mar-99 |
|---------------|----------|----------|----------|
| COT/N. Grain | sold out | no offer | no offer |
| COT/S. Grain | sold out | no offer | no offer |
| GCAS/Region 2 | no bid | no bid | no bid |
| GCAS/Region 4 | no bid | \$1 | \$1 |

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values***

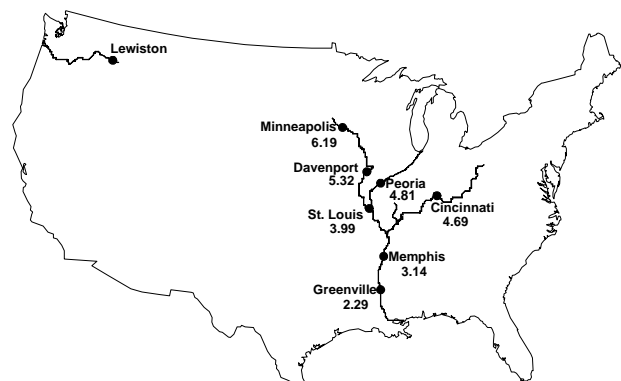
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

| Week ended | River/Region | Contract Period | Rate |
|------------|--------------|-----------------|------|
| 12/11/98 | Illinois | nwk | 120 |
| | St. Louis | twk & Jan. | 95 |

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

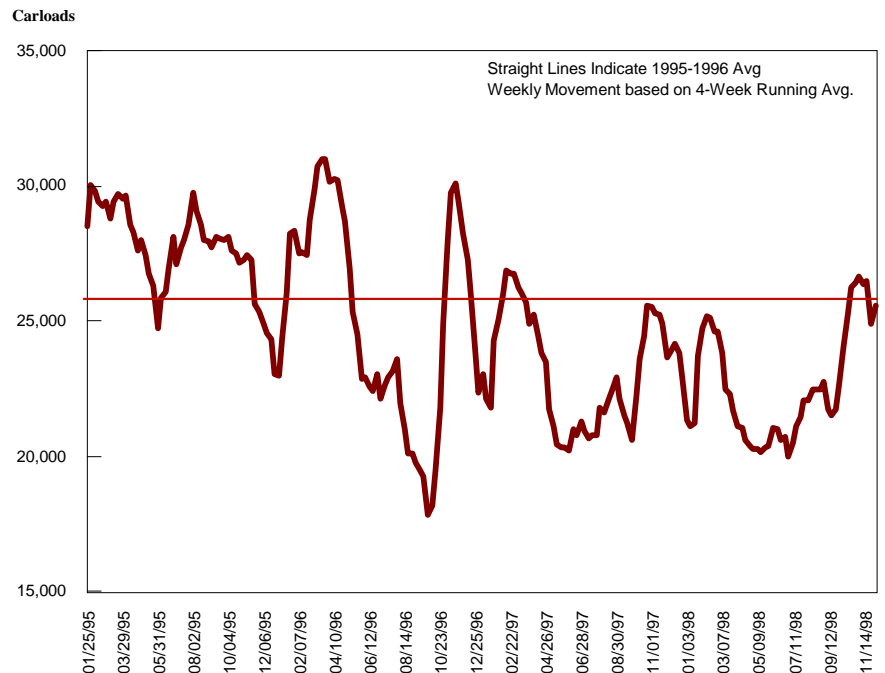
twk=this week
nwk=next week**Southbound Barge Freight Spot Rates**

| | 12/11/98 | 12/3/98 | Jan. '98 | Mar. '98 |
|-----------------|----------|---------|----------|----------|
| Twin Cities | nq | nq | nq | 198 |
| Mid-Mississippi | 160 | nq | nq | 160 |
| Illinois River | 126 | 142 | 163 | 151 |
| St. Louis-Cairo | 101 | 108 | 104 | 117 |
| Lower Ohio | 110 | 130 | 120 | 130 |
| Cairo-Memphis | 100 | 110 | 101 | 109 |

Source: Transportation & Marketing /AMS/USDA
nq- no quote**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

| Class I Railroad Grain Car Loadings | |
|---|-----------|
| Week Ending: | Carloads |
| 11/21/98 | 26,685 |
| 11/28/98 | 21,048 |
| 12/05/98 | 28,731 |
| Year to Date - 1998 | 1,096,046 |
| Year to Date - 1997 | 1,111,780 |
| Total 1997 | 1,199,995 |
| Total 1996 | 1,235,123 |
| Source: Association of American Railroads | |



Class I Rail Carrier Grain Car Bulletin

Carloads

| | <u>East</u> | | | | <u>West</u> | | | <u>Canada</u> | |
|---------------------|-------------|---------|--------|---------|-------------|--------|---------|---------------|---------|
| | Conrail | CSXT | IC | NS | BNSF | KCS | UP | CN | CP |
| 12/05/98 | 959 | 3121 | 1542 | 3,213 | 11,473 | 643 | 7,780 | 2,408 | 4,931 |
| This Week Last Year | 694 | 2,618 | 1,308 | 2,422 | 7,069 | 466 | 4,718 | 3,745 | 5,217 |
| 1998 YTD | 37,806 | 117,398 | 72,261 | 122,595 | 398,449 | 32,045 | 315,492 | 106,253 | 202,534 |
| 1997 YTD | 27,447 | 107,266 | 75,412 | 114,187 | 395,360 | 31,790 | 353,136 | 159,540 | 253,206 |
| 1996 Total | 31,733 | 111,509 | 48,695 | 131,568 | 432,687 | 30,009 | 439,865 | 129,714 | 181,387 |
| 1995 Total | 37,851 | 133,755 | 61,612 | 139,043 | 410,274 | 34,393 | 447,786 | | |

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

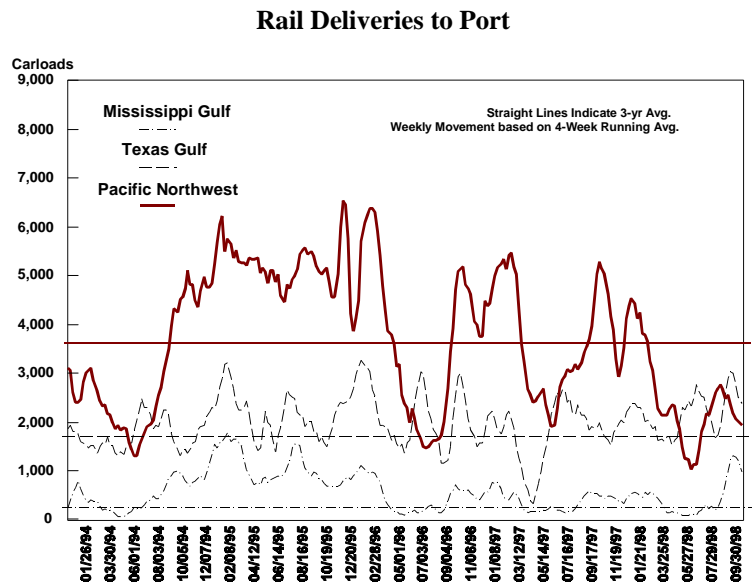
December 1998

| Date Effective | Tariff Item | Commodity | Origin | Destination | Rate Per Car | Rate Per MT | Rate/Per Bushel* |
|----------------|-------------|-----------|-----------------|--------------|--------------|-------------|------------------|
| 12/01/98 | 45560 | Wheat | Minneapolis, MN | Houston, TX | \$2,150 | \$19.51 | \$0.65 |
| 12/01/98 | 43521 | Wheat | Minneapolis, MN | Portland, OR | \$4,235 | \$38.43 | \$1.27 |
| 12/01/98 | 46540 | Wheat | Kansas City, MO | Houston, TX | \$1,850 | \$16.79 | \$0.56 |
| 12/01/98 | 43586 | Wheat | Kansas City, MO | Portland, OR | \$4,226 | \$38.35 | \$1.27 |
| 12/01/98 | 43581 | Wheat | Omaha, NE | Portland, OR | \$4,205 | \$38.16 | \$1.26 |
| 12/01/98 | 31040 | Corn | Minneapolis, MN | Portland, OR | \$2,865 | \$22.87 | \$0.80 |
| 12/01/98 | 31035 | Corn | Kansas City, MO | Portland, OR | \$3,100 | \$24.74 | \$0.87 |
| 12/01/98 | 31040 | Corn | Omaha, NE | Portland, OR | \$2,485 | \$19.83 | \$0.70 |
| 12/01/98 | 61180 | Soybean | Minneapolis, MN | Portland, OR | \$3,330 | \$30.22 | \$1.00 |
| 12/01/98 | 61180 | Soybean | Omaha, NE | Portland, OR | \$3,030 | \$27.50 | \$0.91 |
| 05/01/98 | 61180 | Soybean | Omaha, NE | Portland, OR | \$2,780 | \$25.23 | \$0.83 |

Source: www.bnsf.com

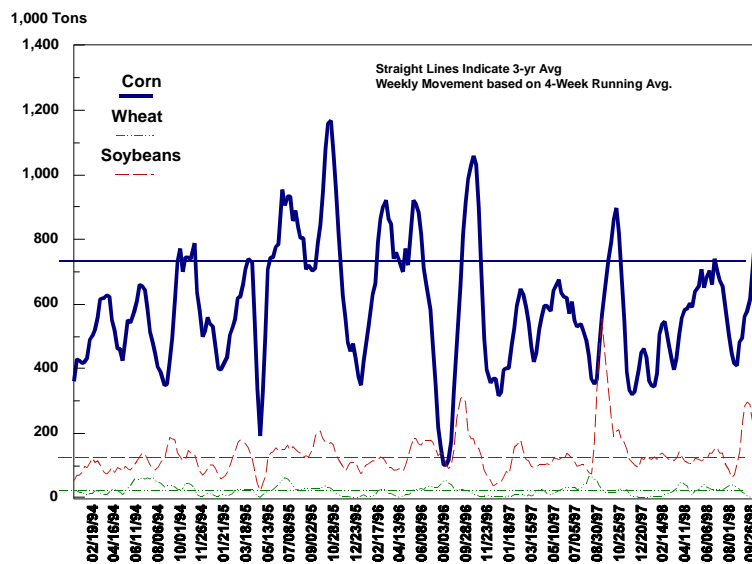
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

| Rail Deliveries to Port | | | | |
|---|------------------|------------|-------------------|----------------------|
| Carloads | | | | |
| | Mississippi Gulf | Texas Gulf | Pacific Northwest | Atlantic & East Gulf |
| Week Ending: | | | | |
| 10/28/98 | 1,305 | 3,330 | 2,571 | 900 |
| 11/04/98 | 1,492 | 2,778 | 2,060 | 600 |
| 11/11/98 | 1,323 | 2,822 | 1,721 | 189 |
| 11/18/98 | 1,027 | 2,205 | 1,928 | 820 |
| 11/25/98 | 1,041 | 2,288 | 2,339 | 187 |
| 12/02/98 | 462 | 2,216 | 1,754 | 72 |
| YTD 1998 | 21,161 | 104,649 | 122,069 | 10,724 |
| YTD 1997 | 18,306 | 86,103 | 180,363 | 8,282 |
| Total 1997 | 20,437 | 93,265 | 195,953 | 9,147 |
| Total 1996 | 25,899 | 113,804 | 199,709 | 11,304 |
| Source: Transportation & Marketing/AMS/USDA | | | | |



***Note:** Data prior to 10/28/98 has been revised. More recent data has been estimated.

Barge Movements - Locks 27



Barge Grain Movements

for week ending 12/05/98

| | Corn | Wht | Sybn | Total |
|--|--------|-------|-------|--------|
| 1,000 Tons | | | | |
| Mississippi River | | | | |
| Rock Island, IL (L15) | 293 | 3 | 60 | 356 |
| Winfield, MO (L25) | 640 | 3 | 145 | 794 |
| Alton, IL (L26) | 921 | 0 | 161 | 1,088 |
| Granite City, IL (L27) | 917 | 2 | 172 | 1,103 |
| Illinois River (L8) | 260 | 0 | 20 | 282 |
| Ohio (L52) | 31 | 0 | 26 | 108 |
| Arkansas (L1) | 0 | 47 | 3 | 50 |
| 1998 YTD | 28,630 | 2,347 | 8,106 | 41,981 |
| 1997 YTD | 28,267 | 2,526 | 8,945 | 42,908 |
| Total 1997 | 29,685 | 2,689 | 9,584 | 45,315 |
| Total 1996 | 34,210 | 2,348 | 8,297 | 48,963 |
| Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1. | | | | |
| Source: U.S. Army Corp of Engineers | | | | |

U.S. Export Balances* (1,000 Metric Tons)

| | <i>HRW</i> | <i>SRW</i> | <i>HRS</i> | <u>Wheat</u> <i>SWW</i> | <i>DUR</i> | <i>All</i> | <u>Corn</u> | <u>Soybean</u> | <u>Total</u> |
|-------------------------------------|------------|------------|------------|----------------------------|------------|------------|-------------|----------------|--------------|
| <u>Unshipped Exports-Crop Year</u> | | | | | | | | | |
| 12/03/98 | 1,310 | 272 | 1,103 | 751 | 198 | 3,632 | 8,706 | 4,533 | 16,871 |
| This Week Year Ago | 1,597 | 538 | 918 | 870 | 215 | 4,136 | 7,459 | 6,009 | 17,604 |
| <u>Cumulative Exports-Crop Year</u> | | | | | | | | | |
| 98/99 YTD | 5,813 | 1,126 | 3,455 | 3,238 | 449 | 1,408 | 11,108 | 7,773 | 20,289 |
| 97/98 YTD | 5,398 | 3,242 | 3,518 | 3,024 | 794 | 15,976 | 9,995 | 10,322 | 36,293 |
| 96/97 Total | 2,595 | 1,643 | 1,432 | 1,240 | 361 | 7,271 | 43,991 | 24,273 | 75,535 |
| 95/96 Total | 9,867 | 6,792 | 8,918 | 6,443 | 897 | 32,917 | 55,769 | 23,550 | 112,236 |

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

| | <u>Pacific Region</u> | | | <u>Mississippi Gulf</u> | | | <u>Texas Gulf</u> | | |
|----------------|-----------------------|-------------|----------------|-------------------------|-------------|----------------|-------------------|-------------|----------------|
| | <i>Wheat</i> | <i>Corn</i> | <i>Soybean</i> | <i>Wheat</i> | <i>Corn</i> | <i>Soybean</i> | <i>Wheat</i> | <i>Corn</i> | <i>Soybean</i> |
| 12/10/98 | 277 | 150 | 0 | 71 | 874 | 518 | 168 | 16 | 56 |
| 1998 YTD ** | 10,072 | 4,273 | 627 | 4,817 | 28,872 | 13,751 | 6,852 | 548 | 1,280 |
| 1997 YTD ** | 10,633 | 9,527 | 1,755 | 6,113 | 27,192 | 17,361 | 4,937 | 995 | 956 |
| % of Last Year | 95% | 45% | 36% | 79% | 106% | 79% | 139% | 55% | 134% |
| 1997 Total | 11,156 | 9,728 | 1,764 | 6,349 | 28,183 | 18,658 | 5,106 | 1,001 | 1,014 |

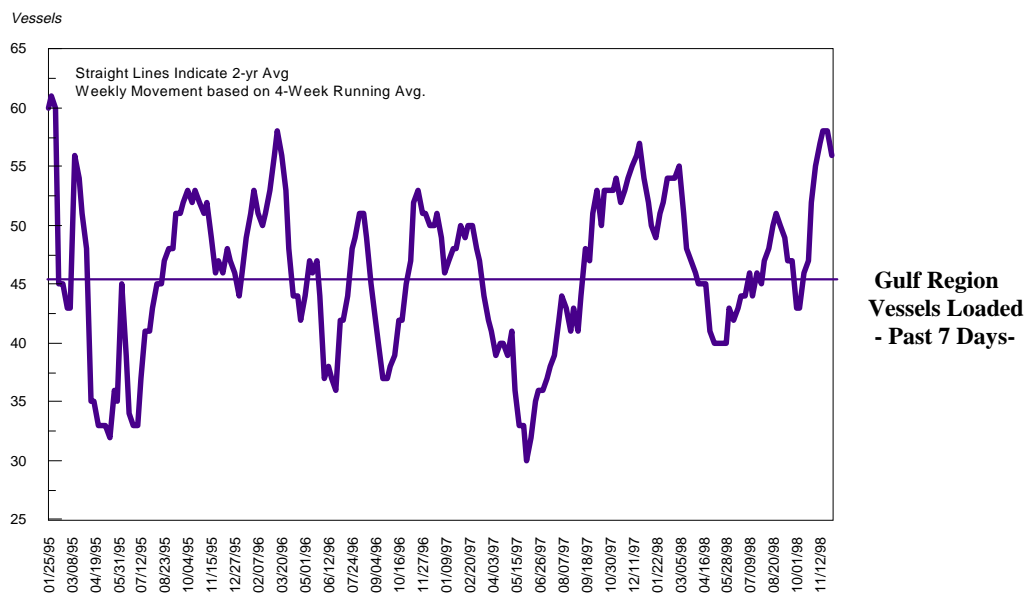
Source: Federal Grain Inspection Service *Year Ago-This Week a Year Ago ** YTD-Year-to-Date

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

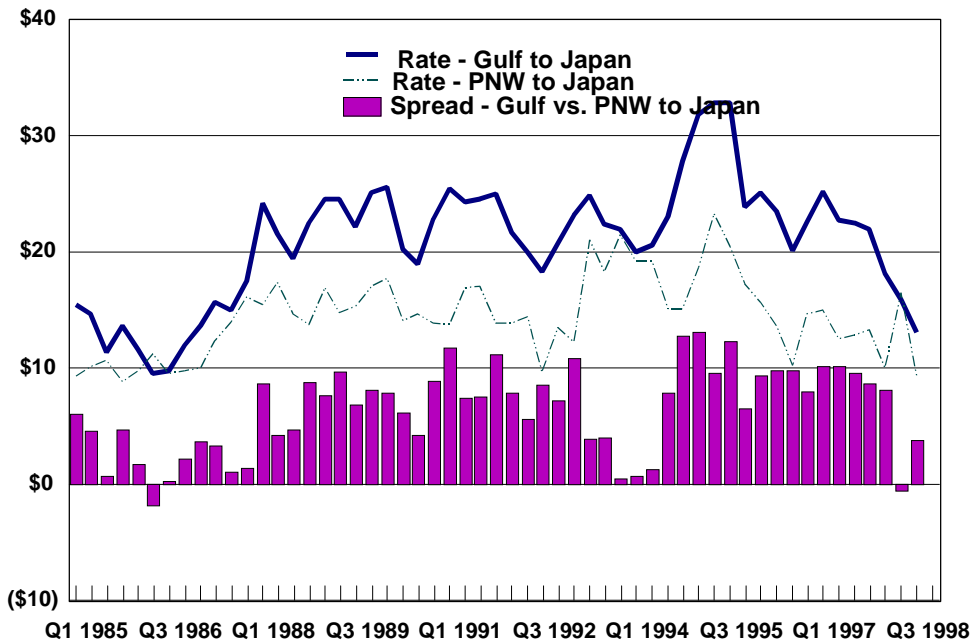
| | <u>Wheat</u> | <u>Durum</u> | <u>Barley</u> |
|----------------------|--------------|--------------|---------------|
| Week Ended: 12/09/98 | | | |
| Vancouver | 1,844 | 274 | 94 |
| Prince Rupert | 454 | 0 | 0 |
| Prairie Direct | 223 | 161 | 69 |
| Thunder Bay | 295 | 72 | 73 |
| St. Lawrence | 782 | 624 | 0 |
| 1998 YTD Exports | 3,906 | 1,140 | 235 |
| 1997 YTD Exports | 6,813 | 1,575 | 1,037 |
| % of Last Year | 57% | 72% | 23% |

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31



| Port Region Ocean Grain Vessels | | | | | | | | | |
|---|----------------|--------------------------|-----------------------------|-------------------|--------------------------|-----------------------------|-----------------|--------------------------|-----------------------------|
| | Gulf | | | Pacific Northwest | | | Vancouver, B.C. | | |
| | <u>In Port</u> | <u>Loaded 7-Days</u> | <u>Due Next 10-Days</u> | <u>In Port</u> | <u>Loaded 7-Days</u> | <u>Due Next 10-Days</u> | <u>In Port</u> | <u>Loaded 7-Days</u> | <u>Due Next 10-Days</u> |
| 12/03/98 | 49 | 51 | 83 | 15 | | | 10 | 12 | 1 |
| 12/10/98 | 43 | 53 | 80 | 12 | | | 5 | 11 | 4 |
| 1997 Range | (11..52) | (25..61) | (31..89) | | | | | | |
| 1996 Range | (17..46) | (38..61) | (27..88) | | | | | | |
| 1997 Avg | 33 | 45 | 58 | | | | | | |
| 1996 Avg | 38 | 46 | 62 | | | | | | |
| 1995 Avg | 31 | 45 | 60 | | | | | | |
| Source: Transportation & Marketing /AMS/ USDA | | | | | | | | | |

US\$/Metric Ton

**Quarterly Ocean Freight Rates**

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

| | 1998 3 rd Qtr | 1997 3 rd Qtr | % Change | | 1998 3 rd Qtr | 1997 3 rd Qtr | % Change |
|----------------|-----------------------------|-----------------------------|-------------|----------------------|-----------------------------|-----------------------------|-------------|
| Gulf to | | | | Pacific NW to | | | |
| Japan | \$13.17 | \$22.55 | -42% | Japan | \$9.35 | \$12.92 | -28% |
| Mexico | \$16.33 | \$14.47 | 13% | Red Sea/ Arabian Sea | | \$19.23 | |
| Venezuela | \$10.30 | \$13.78 | -25% | | | | |
| N. Europe | \$8.85 | \$13.23 | -33% | Argentina to | | | |
| N. Africa | \$13.87 | \$15.44 | -10% | N. Europe | \$12.15 | \$14.83 | -18% |
| | | | | Japan | \$16.21 | \$25.56 | -37% |

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates - week ending 12/12/98

| Export Region | Import Region | Grain | Month | Volume Loaded (Tons) | Freight Rate (\$/Long Ton) |
|---------------|-------------------------|-------------|-----------|-------------------------|-------------------------------|
| Gulf | Dublin | Grains | December | 29,000 | \$10.50 |
| Gulf | Holland | Heavy Grain | December | 58,000-61,000 | \$8.00-8.25 |
| Gulf | Lisbon/Hamburg | Heavy Grain | December. | 53,000 | \$8.50 |
| Gulf | Barcelona/Hamburg | Heavy Grain | December | 59,000 | \$8.25 |
| Gulf | Japan | Heavy Grain | December | 54,000 | \$12.50 |
| Gulf | Kashima/Kobe (Japan) | Heavy Grain | Dec./Jan. | 37,200 | \$13.75 |
| PNW | Taiwan | Heavy Grain | Dec./Jan. | 54,000 | \$9.75 |

Source: Maritime Research Inc.